

**THE IMPACT OF RUMOR ON CONSUMER BEHAVIOUR: EVERPURE DRINKING  
WATER AS A CASE STUDY IN THE KUMASI METROPOLIS**

**A LONG ESSAY PRESENTED TO THE DEPARTMENT OF MANAGEMENT  
EDUCATION, UNIVERSITY OF EDUCATION, WINNEBA**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF  
BACHELOR OF BUSINESS ADMINISTRATION (MANAGEMENT OPTION)**

**ERIC ASAMOAH BOADI**

**5091080056**

**JUNE, 2013**

## **ACKNOWLEDGEMENT**

I dedicate this work to Mr. Ambrose Bangnia my supervisor for his patience on me and Mr Marcos Oduro Sarpong for his fatherly and financial support.

Another great acknowledgement to my mothers Veronica Amoah and Theresa Biney-Amissah for their fraternal support as well as Mr James Kwaku Dwomoh, for their unfailing support. I also thank Mr. Eric Gyasi Darko, the general manager of Everpure Kumasi Ltd for providing some useful information, to all respondents for their support and to sister Rose (SRC), Combian William and Elizabeth Kwarteng for doing the type setting.

To all whose help have not been mentioned and all who would ever read this work I say be assured of my prayers.

## **DECLARATION**

### **CANDIDATE'S DECLARATION**

I hereby declare that this long essay is the result of my own original research and that no part of it has been presented for another degree in this university or anywhere.

Candidate Signature..... Date.....

**Name: ERIC ASAMOAH BOADI**

### **SUPERVISOR'S DECLARATION**

I hereby declare that the presentation of this long essay was supervised in accordance with the guidelines on supervision of long essay laid down by the University of Education, Winneba.

Supervisor Signature..... Date.....

**Name: MR. AMBROSE BANGNIA**

## **ABSTRACT**

How the prospective customer is going to behave, both in the long and short term is a worry to every organization that is involve in production of goods and services. There have been a lot of literatures on factors that determines consumer behavior; however there have not been much on rumor, a strong determinant of consumer behavior. The study seeks to research into the influence rumor has on consumer behavior, the spread of rumor and consumers reaction to a rumor on a product. A rumor on Everpure drinking water was the case study for this work. Moreover, both primary and secondary data was used for the study and questionnaire was administered to a cross-section of people who were selected on a sample random basis within the Kumasi metropolis. The major finding of the study showed that rumor can have both long and short term effect on the organization but such effect, whether negative or positive depends on how management can manage the rumor to their advantage. The conclusion of the work gives some practical recommendations like management updating their rumor management skills, intensifying their competitive advantage, getting involved in corporate social responsibilities restructuring their public relation and committing to a more research on a topic of this nature.

## **DEDICATION**

I unreservedly dedicate this work to my mother Veronica Amoah, my second mother Theresa Biney-Amissah, my father Mr James Kwaku Dwomoh, my benefactor Mr Marcos Oduro Sarpong, my sisters; Theresa, Kate, Mary, Christiana and Diana and my brothers; Appia Samuel, Alenga Cletus, Nathan Odei and Boadi George.

## **TABLE OF CONTENT**

<b>CONTENT</b>	<b>PAGE</b>
Title page	i
Acknowledgment	ii
Declaration	iii
Student's declaration	iii
Supervisor's declaration	iii
Abstract	iv
Dedication	v
Table of content	vi
List of table	ix
List of figures	x
 <b>CHAPTER ONE</b>	 <b>1</b>
<b>INTRODUCTION</b>	<b>1</b>
1.0 INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the Problem	2
1.3 Purpose of the Study	3
1.4 Research Question	3
1.5 Significance of the Study	3
1.6 Limitation of the Study	4
1.7 Delimitations of the Study	4
1.8 Definition of Terms	4
Everpure Drinking Water	4
Customer and Consumer	5
1.9 Organisation of the Study	5

<b>CHAPTER TWO</b>	<b>6</b>
<b>REVIEW OF RELATED LITERATURE</b>	<b>6</b>
2.0 INTRODUCTION	6
2.1 Major Determining Factors of Consumer Behavior	6
Cultural Factor	7
Social Factors	7
Personal Factors	8
Psychological Factors	9
2.2 Rumor as a Basis of Buying Decision	10
2.3 Nature of Market Place Rumor	11
2.4 What is Rumor?	11
2.5 Types of Rumor	11
2.6 Theories of Rumor Transmission	12
2.7 Empirical analysis on the cost of rumor to an Organisation	13
<b>CHAPTER THREE</b>	<b>16</b>
<b>METHODOLOGY</b>	<b>16</b>
3.0 INTRODUCTION	16
3.1 Research Design	16
3.2 Population and Sampling	16
3.3 Data Collection Instruments	17
Questionnaire	17
Interview	17
3.4 Data Collection Procedure	18
3.5 Data Analysis	18

<b>CHAPTER FOUR</b>	<b>19</b>
<b>RESULTS OF THE STUDY</b>	<b>19</b>
4.0 INTRODUCTION	19
4.1 An Overview of Sachet Water System in Ghana	19
4.2 The Everpure Rumor	20
4.3 Data Analysis	21
4.4 Interview with Management of Everpure	32
<b>CHAPTER FIVE</b>	<b>33</b>
<b>SUMMARY, CONCLUSION AND RECOMMENDATION</b>	<b>33</b>
5.0 INTRODUCTION	33
5.1 Summary	33
5.2 Conclusion	34
5.3 Recommendations	35
<b>REFERENCES</b>	<b>36</b>
<b>APPENDIX</b>	<b>39</b>



## **List of Table**

<b>Table 1: Gender Respondent</b>	<b>21</b>
<b>Table 2: Respondents who are customers</b>	<b>22</b>
<b>Table 3: Respondents' awareness, responds, belief and reaction</b>	<b>23</b>
<b>Table 4: Respondents' loyalty, first contact and reasons for buying.</b>	<b>28</b>

## **List of Figures**

<b>Figure 1: Gender of Respondents</b>	<b>21</b>
<b>Figure 2: Respondents who are customers</b>	<b>22</b>
<b>Figure 3: Awareness of the rumor</b>	<b>24</b>
<b>Figure 4: Believe in the rumor</b>	<b>24</b>
<b>Figure 5: Whether respondent stop consuming</b>	<b>25</b>
<b>Figure 6: Whether respondent believed rumor was propaganda</b>	<b>25</b>
<b>Figure 7: Whether rumor has any impact</b>	<b>26</b>
<b>Figure 8: How long respondents have been a customer</b>	<b>29</b>
<b>Figure 9: How respondents' first heard the rumor</b>	<b>29</b>
<b>Figure 10: Respondents' reason for consuming the product</b>	<b>30</b>
<b>Figure 11: The “if yes” response</b>	<b>30</b>

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

This chapter seeks to give a general idea about how the entire work is structured. It entails the details of the background of the study, statement of the problem, purpose of the study, research questions, significance of the study, limitation and delimitation of the study. The study, however is to assess the impact rumor has on consumer behavior, and the Everpure drinking water would be used as a case study.

### **1.1 Background of the Study**

It is very obvious that the basic aim of every business organization is to make profit. Profit is made from the results from production cost and sales differences. Nevertheless, if a company is able to control its production cost effectively then it could largely depend on the privilege of the economy of scale. It is however uncontested fact that the privilege of the economy of scale is necessary, profitable and advantageous only if a company has a large and reliable consumer base. This is what makes the study of the consumption behavior pattern of a consumer very essential to the organization.

Over the years, there have been many discussions and study on the determinants or what actually influences the consumer on a given product. Many researchers have categorized these into different segment for analyses. While many researchers tackle the issue from the point of view of the product and the organization, others also concentrate on the consumer's stimuli and personal influences. Whatever the case is, one of the areas less attention has been given to is how rumor can also have impact on the buying behavior of the customers.

Rumor can take many forms and when it is about a popular product it is likely to spread as fast as possible. This brings a very big question as to how such rumor, whether negative or positive affect the existing customers of such product, the prospects and customers who can easily sway to competitors.

## **1.2 Statement of the Problem**

The success of every production is when it satisfies the needs and wants of consumers. This therefore makes the consumer's position in the production process very paramount; hence, production is done by an organization while consumption is done by consumers or customers. This presupposes that the organizational success depends largely on the cooperation it gets from its customers.

Rationally, customer's fundamental aim is to get quality products with a cheaper price that can satisfy their needs and wants. Like any ordinary rational human being, customers are mostly unpredictable; a reason that would discourage one customer from patronizing a product could obviously encourage the other, especially in the aspect of rumor against a product or a production process. The case of ever pure drinking water is a typical example of how rumor can determine the reaction of some customers towards a product. This research is meant to study and evaluate the influence rumor has on the consumer behavior, using the case of ever pure drinking water as a case study in the Kumasi metropolis.

### **1.3 Purpose of the Study**

The main purpose of the study is to assess the influence rumor has on the consumer behavior of a given product. The unhygienic and ritual rumor of the ever pure drinking water shall be the case study of this research work. Moreover, the work shall examine how rumors of products spread, the reaction of customers on the hearing of the ritual and unhygienic rumor of the everpure drinking water.

Nevertheless, there shall also be examination into how such rumors affects performance, consumption, production and supply of the said product. This objective shall form the basis for which the research question shall be administered.

### **1.4 Research Questions**

Some of the hypothetical questions that will form major part of our research enquiry are as follows:

- How does rumors on product spread?
- How does such rumor influence customers of the product?
- How do customers react to ritual and unhygienic rumor of a particular product?
- What are the effects of such rumors on patronage, and consumption?
- How does rumor affects production and supply?

### **1.5 Significance of the Study**

Some very fundamental challenges always come with the success of every study. However, since no research allowances are given, there were financial set-tacks which mean that project was self-financed. Nevertheless, some few helps came from friends and relatives.

## **1.6 Limitations of the Study**

Moreover, there was poor cooperation of some respondents in answering the questionnaires. Some respondents made their intentions not to cooperate with the researcher clear; others however were just divided at the glance of the topic. Few people did not respond because they suspected the researcher as a Spy or tax official on them while another few who resolved to answer did not understand the question fully and gave answers which were unrelated. Another worth considering limitation was time constraints. This was due to the allowed frame of time for this study and the major difficulty was the fact that the other semester causes were not isolated from these causes but was simultaneously handled aside other leadership responsibilities.

## **1.7 Delimitation of the study**

Since the research could not cover everything, boundaries were set as to the sample size to 200 respondents who were selected randomly by the use of the simple random sample selection model. The geographical boundaries were limited to the Kumasi metropolis, while data collection method was limited to questionnaire and unstructured interview.

## **1.8 Definition of Terms**

Most of the words used in this work are very familiar; however, for the sake of easy flow of reading and clarity in expressions, the following words are further explained to assist the reader in that regard.

### ***Everpure Drinking Water***

This is the official name of a sachet producing Water Company in Ghana. The company has existed for barely two (2) years and just the already existing water producers in a competition. They recently got an unexpected attention from many purified water consumer based on a credibility of hygienic and healthiness in their products and production process. Recently, around 4<sup>th</sup> August 2012 there was a rumors flying all over in Kumasi that the leading producer of purified water has been supplying water stored in snake – infested tanks to customer. This allegation was debunked by the company officials.

### ***Customer and Consumer***

The two words are used interchangeably mostly to mean the same, unless otherwise expatiated.

## **1.9 Organisation of the Study**

This study has been organized into five chapters (5). The first chapter gives the general overview of the work, the second chapter reviews an already existing literature on rumor, however, its dynamics are based on the research objectives. The chapter three gives a research methodology while the forth chapter analyses the collected data. Summary, conclusion and recommendations concludes the entire work in the chapter five.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.0 Introduction**

The world is increasingly becoming globalised, a situation which is spearheaded by information technology. Nonetheless, information technology, the back bone for the fast spreading of technical knowledge and diversification has become a common conduit for most marketers and competitors in reaching their prospects on either existing or new product. Moreover, consumer behavior has been predicted many times base on the effectiveness of this promotional tool. However, many writers have contributed to rumor, another dynamic way by which product and companies increase their reputation or suffer it. For most writers, rumor effects on a production performance or consumers response can be determined by its management.

The chapter takes a look at other writers' contribution as far as rumor, as consumer behavior and product performance is concerned. It also considers the traditional determinant of consumer's behavior, the nature of rumor and ends with other empirical finding from other writers, all to help assess the impact of rumor on consumer behavior.

#### **2.1 Major Determining Factors of Consumer Behavior**

Many factors have been attributed to what actually influence the behavior of a consumer. Kotler (1988), asserts that, purchase decisions of buyers are extremely influence by some “non controllable” factors that needs a critical consideration of the marketer. For him, the factors include a unique combination of Cultural, Social, Personal and Psychological factors. This is how he explains these traditional factors.



### ***Cultural Factor***

The cultural factor for Kotler (1988) is the broadest and deepest influential factor on the buyer's behavior. He however categorizes such factor into cultural, subcultures and social class roles played in the customer's behavior.

"Culture is the most fundamental determination of a person's wants and behavior" (Kotler 1988 p. 175). He argues that, human behavior is mostly learned and basic values, preferences and perception are learned through cultures as grows up, therefore most buying decision has culture value as a major influence.

The second determinant under the cultural factor for Kotler (1988) is what he term as a subculture. He divides this subculture into four (4) groups, that is nationality groups, like; Ghanaian, Nigerian etc racial groups like; whites, blacks etc, religious groups like Catholics, Muslims, Jews, Pentecostals etc and Geographical areas like the West Africa, England etc. He argues that each grouping have a district features and subculture lifestyle which has a major influence on their buying behavior.

Kotler (1988)'s third point under the cultural factor is social class. He argues that there different values to different classes of the society and each ungues class show preference to brand or products. Although, people are able move to different classes, this he believe that it is variable nobility that is influenced by income, education, wealth etc. But the issue social stratification is a human phenomenon.

### ***Social Factors***

Another recognized factor of our consumer behavior for Kotler (1988) is the social factor. With social factor he focuses on reference group, family and social roles and statuses.

According to him reference group have either direct or indirect influence on the behavior and attitude of a member. Reference group is either primary or secondary. The primary group is mostly informal like the family, friends, neighbors, co-workers and co-equals, while the secondary which is more formal consist of trade union group, religious group and professional.

There are also mostly inspirational groups that sometimes re-shape a person's choice for a product or brand. However, the caution is that group influence may not be strong everywhere and brand choice might have other motivated factor.

The buyer's primary reference group shaping behavior for Kotler (1988) is attributed to family member. The initial family orientation on religion, politics and economics has either conscious or unconscious influence on a person's buying behavior. Moreover, roles people play and their status in the organization, society or group shape their buying behavior. This is because most people purchase products and brands to reflect the status or role in a particular stratification.

### ***Personal Factors***

The next element in Kotler's (1988) factors influencing a buying behavior is the personal factors. Personal factors as he asserts, comprises of a person's personal characteristics like age and life cycle stage, occupation, economic circumstances, lifestyle and personality and self-concept on age and life-cycle stage, he argues that people's patronage for good and service changes as they go through the stages of life. However, most products and services are attributed to a particular stage in life.

On the issue of occupation, many people's buying behavior is dictated by their occupation. While students would be worried about books and studying logistics a company's manager would be looking for an expansive suit and shoe to instill confidence in their customers.

Another point on the personal factor is how economic circumstance determines the product choice of a particular buyer. This for Kotler (1988) comprises of the spendable income level, its stability, as well as its time pattern, the liquidity percentage of the savings and assets, borrowing power and the attitude to saving versus spending.

The subculture group, social class, occupation and other stratification products the individual's lifestyle in terms of interest, opinion and others, this however, have a major influence on the buying behavior and choice of brand. Kotler view on the personality and self concept is the unique psychological characteristics persistent to his/her environment in respect to the self confidence dominance and adaptability. The trend of these combinations has a great influence in a brand choice and a buying behavior.

### ***Psychological Factors***

The psychological factor marks the last element of Kotler's factors of consumer behavior, however, it comprises of motivation, perception, learning, and beliefs and attitudes. Kotler argues that the motivation drive of the individual has a major influence on their buying behavior. This he says has a link with Freud's unconscious psychological behavior pattern (Ditcher E. 1964), Maslow's needs theory (Maslow's A.H.1954) and Herzberg's satisfiers and dissatisfies, (Herzberg F. 1966) as well as the selected alternation theory as a motivational dimensions to consumer behavior.

Moreover, the effect of leaning is literalized in both behavior and attitudinal change, learning becomes another psychological factor to a buying behavior one will sub vibe to or reject a product or service upon leaving since it is driven from experience. Kotler concludes the psychological factors with beliefs and attitudes. Consumers for him form beliefs and attitude through their acting and learning process. He describes belief as “.....a descriptive through that a person holds about something “(Kotler 1988, p. 189) and that matter a product or service.

Therefore, a prospective buyer according to Kotler’s analyses is a combination of cultural, social, personal and psychological customers who use either personal or psychological factors. Among these the information search customers who use either personal, commercial, public or experimental source are mostly for buying decision, however, personal source are mostly rumors.

## **2.2 Rumor as a Basis of Buying Decision**

The basis of a consumers’ decision has been expressed differently by many writers, however, the current trend of research indicate a study on the dynamism of rumor and its’ management (Kamins, Fallkers and Perner, 1997). The detrimental effect of unsubstantiated commercial rumor in the united state alone amounts to nine (9) billion of company’s loss, aside normal loss in sales to redeem corporate reputation. (Biehial and Sheinin, 1998). Nevertheless, this is not to say rumors always have a negative impact. Again in the varied states, it is postulated by Karin, Hartley and Rude lives (2007) that 67 percent of consumer’s product sales use the word of mouth activity as a marketing strategy. They assert that, these activities pass through trusted people like friend, family, and colleagues. In cases like this, company’s success highly depends on the management of such rumor.

### **2.3 Nature of Market Place Rumor**

Word of mouth has become a popular name given to rumor at the consumer market place that are communicated inter personally. It also takes the form of transmitting information among consumers informally. Despite its effects it is sometimes used as a marketing strategy.

### **2.4 What is Rumor?**

It is very plausible that the quest to know a characteristic of every humor person. Rumor contains a supposed unfolding event in an applicable environment and people by nature what to know what is happening and why it is happening in complicated situations. The arguer they get is what layman definition of rumor has been associated with an unconfirmed or uncertain general story mostly interims of facts. (All port and postman, 1949; kuapp, 1944).

However, the American psychological Association's encyclopedia of psychology has defined rumor as "an unverified proposition for belief that bears topical relevance for person's activity involved in it dissemination" (Rosnow and Kimme, 2000 p. 122). In a closer look rumor as an issue lacks certainty and is mostly full of unconfirmed propositions. Though it might lack facts at the beginning, rumor which circulates interpersonally among customer and prospects might be true or false.

### **2.5 Types of Rumor**

Most of the attempted rumor classification has been done to reflect the etiology, differences in message content, underlying notifies or purpose, this is very apparent in the works of Kapferer (1920), Kimmed 2004a Koanig 1985.

Kriapp (1944) has one of the oldest classifications which categorize rumor, bogie (or dread) rumors, and wedge-driving (or aggression) rumor. It Knapp explain that pipe dream rumors reflect public desire and are posture rumors with a wished for outcomes.

On the contrary, bogey rumors reflect feared or anxiety-provoking outcomes and are negative in nature. Dread rumors may sometimes be classified into two themes; the theme of conspiracy or the theme of contamination. The former tells commercial enterprise policies and practices which deemed threatening of undesirable ideologically, the later spread a claim that a contain features of commercial product is undesirable or harmful to consumers. Another category as postulated by (Allport and Postman 1947) is rumors that consist of homestretches or anticipatory which proceed an up-coming event. Mostly, they are spread against products that are to be launched, (Furukawa, Kato and Yamada, (2002).

## **2.6 Theories of Rumor Transmission**

Rumors like any product have a life circle, they begin, they spread and then disappear, the strength and life-span of rumors. Some theories believe it by it transmission. Let us look at some of the theories that surround the spread of rumors on products. Drawn from the involvement of collection and group needs, situational forces and personal motive, Allport and Postman(1947) and Rasnow (1991, 2001) assert that market place rumor resorts in a general societal context of spread or in the immediate situation, a combination of uncertainty, anxiety and natural desire for inside information. The theory explains uncertainty as the numerous questions people have about the present or future events coupled with its importance, which is the personal interest or relevance of the rumor content.

Moreover, it goes on to explain anxiety, which is how worried or concerned people are about the rumor and the belief in it, that is peoples' confidence that the rumor is true has a great tendency for the rumor to catch fire and spread. Kimmel and Keefer (1991) support this view that the likelihood to the consumer to spread a rumor depends largely on credibility and trust worthiness of the message.

Grice (1978), argues that rumors transmission does not vary between beliefs and belief certainty but rather the intention or rational behind the belief. He says that this intention is seen when information is picked in segments. However the Gricean norm says that of recipients of messages should view all information from the sender as relevant and important, for example if a sender says 'I do not subscribe, they are cheats' hence the tendency for the recipient or customer to pass on the information or the rumor depends on such intention or rational which Grice calls "valances".

Furthermore, Kamins et al (1997) and Difonzo (2005) who believe that rumors that satisfy the individual's goal for self-enhancement are more likely to be spread explains that, people who are identified with a particular product are highly reluctant to transmit its negative rumor. On the other hand, people who are dis identified with a particular product are highly motivated to spread or transmit negative rumors, especially if it has the tendency to give them some sort of competitive advantage. It is however, the reverse when the rumor is a positive one.

## **2.7 Empirical analysis on the cost of rumor to an Organisation**

There is always the need to look at rumor and its economic effect on companies. This is evident in Timm (2010) “ripple effect” he asserts that, “just as the ripples swell when a rock is dropped

into a pound, the impact of one unhappy customer can move from beyond that one person”  
Timm, R. (2010 p. 7). This obviously is as a result of rumor transmission.

Management perhaps may not pay attention to a rumor that starts with a customer or somebody who is not happy with the organization or the product. Timm (2010) uses the ‘ripple effect’ to empirically explain the long-term effect of such spread.

Timm (2010) analyses a study that shows that an upset customer spread a dissatisfied rumor to an average number of 10 to 20 people and others go beyond even to the media. Timm assumes that a customer only tells (11) people about a rumor that is likely to stop than from patronizing the product. According to Timm, the same study say that these (11) people world spread the rumor to an average of (5) people, therefore, the question Timm ask is how many people are likely to hear the ‘bad’ rumor about the company? This he answers with a conservative example;

First customer		1 person
Transmit rumor to 100 others	+	11 persons
Who in tend transmit to 5 others	+	<u>55 persons</u>
<b>Total who heard the rumor</b>	=	<b><u>67 persons</u></b>

Timm says that it is very possible that not all the 67 would stop patronizing the product; however, if presumably a one-quarter of them decides not to patronize the product again, what will be the economic implications on the company.



Therefore, if the 17 people patronize \$50 of the product a week, then it means that the company stands to lose an amount of \$44,200 a year, furthermore \$442,000 a decade. Plausibly, the cost of checking a potential rumor or managing it might not go to such extend.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

The purpose of this study seeks to research into the influence rumor has on the consumer behavior of a given product. A rumor of an alleged ritual and unhygienic practice of the everpure drinking water shall be the case study of this research work. The study shall examine how rumors of product spread, the reaction of customers upon hearing a rumor on a product, especially the everpure rumor. Moreover, rumors effects on consumption, product performance, production and supply shall also be examined. However, the chapter gives details of the tools and methods that would be applicable to the accomplishment of the stated objectives.

#### **3.1 Research Design**

The framework for data collection and analysis employed a design that is used in a case study which entails extensive a detailed analyses of the sample space. Quantitative and qualitative instruments were employed in the collection of data. This however, was designed to research into the influence of the rumor on the customers of the everpure drinking water. The design also necessitated enquiries into how the rumor spread and affected patronage.

#### **3.2 Population and Sampling**

The targeted population was basically the customers of the everpure drinking water; however, there were others who were not strictly customer. There were a total of 200 respondents for the study.

The research sample that comprised of mostly the customers of the everpure drinking water was selected randomly using the cluster sampling method. The method was employed basically for the sake of convenience and objectivity.

### **3.3 Data Collection Instruments**

There were two basic data collection instruments that were used to sample data from respondents. There were questionnaire administration and interview.

#### ***Questionnaire***

This was set of questions prepared and administered by the researcher for the respondents. The items in the questionnaire were based on variables on customers of everpure drinking water. The items in the questions were both opened and closed ended. For the open ended, respondents had the liberty to give their own answers to certain items on the questions but for the close ended they were given options to choose their answers from.

Questionnaires were used for the study because it required very little time of respondents and also it did not take too much of the researcher's time to distribute them. A weakness of the use of questionnaire did not allow for respondent to probe for much details or explanations of some questionnaire items.

#### ***Interview***

This was conducted by the researcher. There were few set of relevant question on the subject matter to sample qualitative data from respondents. Since this technique uses face-to-face form of data collection, there were some sense of security, accuracy and confidence in both the questions and responses.

### **3.4 Data Collection Procedure**

Questionnaires were designed; a trial was run in the form of pilot before a complete questionnaire was distributed to a cluster sample random population sample. Moreover, interview was conducted by research by following a few pre-set questions which ensured the elimination all forms of irrelevance. For the sake of accuracy of information, the researcher ensured that all gathered from the field of the study passed through editing. Quantitative and qualitative fatal analysis technique formed the research data analysis. However, quantitative data is graphically presented on frequency tables, percentages, pie and bar charts in the next chapter.

### **3.5 Data Analysis**

Data collected is graphically presented in chapter four; however for easy reference, accessibility and analysis, results are again represented on a pie chart. Additionally, explanations are given to results as they are represented on the graphics.

## **CHAPTER FOUR**

### **RESULTS OF THE STUDY**

#### **4.0 Introduction**

Since the customer is the purpose for which production is made, the purpose of this study seeks to research into how rumor can have an impact on consumers' behavior. The case study for this research is to find out how a recent rumor about the everpure drinking water imparted on the behavior of the customers. This analysis would be based on the data collated purposely for the study.

Moreover, the chapter is designed to analyse the views of customers as gathered from the data collected. Data analyses and presentation would highlight a brief history of commercial sachet water system in Ghana. However, results from data collected through administration of questionnaire and interview would be graphically demonstrated.

#### **4.1 An Overview of Sachet Water System in Ghana**

The history of sachet water in Ghana dates to the time of a local artist, Tei Hugie, he used to make art out of trash. It is said that he made the first bag art of a plastic sachets. Again, a British architect and entrepreneur, Stuart Gold, started a trashy bags company with some local business partner in 2007. It is reported that the factory in Madina but moved to Dzorwulu in Accra (Tutton, 2010).

Moreover, before this time there was 'ice water', a name which was given because blocks of ice were able to water for sale. This commercial water started from measuring in cups to what we have now. Now, there are small and large industries and enterprises that pack this water in a

machine-seal sachet. This is mostly treated before package, and the treatment depends on the source of the water. There is always the possibility that some industries send machine-seal sachet water to the market without official clearance from the Ghana food and drugs board, mandated for such purpose (Dodoo et al 2006).

#### **4.2 The Everpure Rumor**

Daily guide reported on the 5<sup>th</sup> November 2012 at 4:30:39 pm that the management of the Everpure purified water has vehemently debunked wild allegation which says that the fast growing company has giant snakes in its huge water tanks that makes their water pure as sweet to drink (Daily Guide, 2012). The site reported that the company hauled two water producing company in Kumasi, suspected to be behind the rumor and was therefore heading the water to court. The two companies who were mentioned are Prima Filtered Water Company and Be First Water, all Kumasi based.

Some of the measures that were taken by management were to organize press conference and inviting media personnel on an inspection tour at the production premises of the Everpure purified drinking water.

Nevertheless, management according to the report decided to react to the rumor to avoid wrong signals that the rumor is true. The management attributed the brand success to the advance technology employed in the production process. This report was confirmed by management during the research interview.

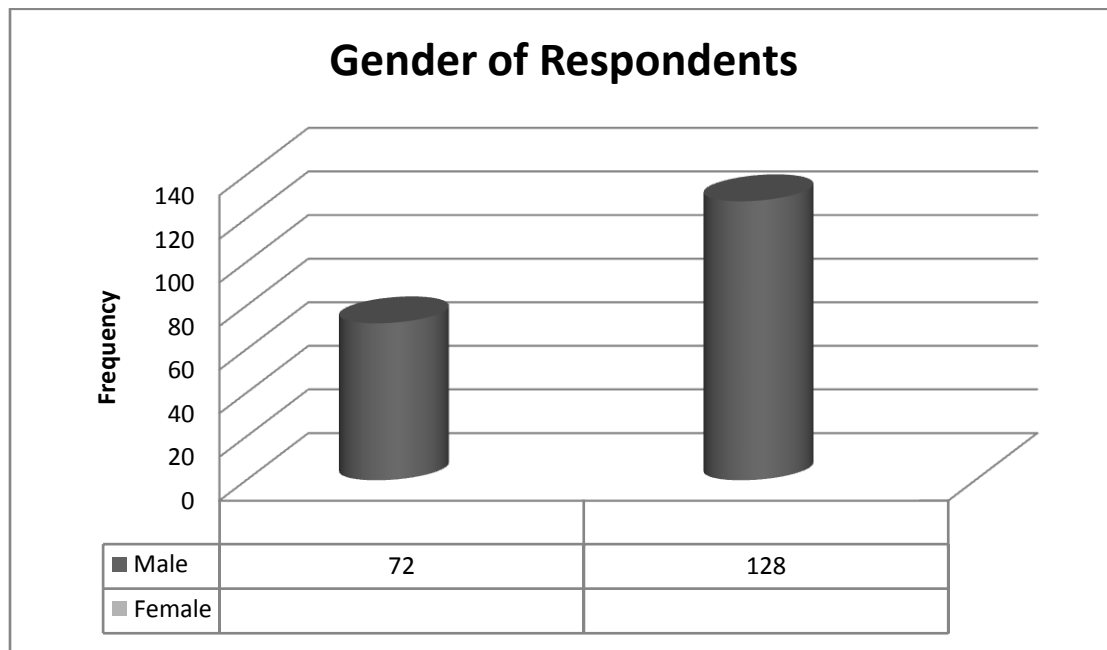
### 4.3 Data Analysis

A graphical presentation of results from questionnaire administered

**Table 1: Gender Respondent**

	Frequency	Percent	Valid percent	Cumulative percent
Valid male	72	36.0	36.0	36.00
Valid female	128	64.0	64.0	100.0
Total				

**Figure 1: Gender of Respondents**



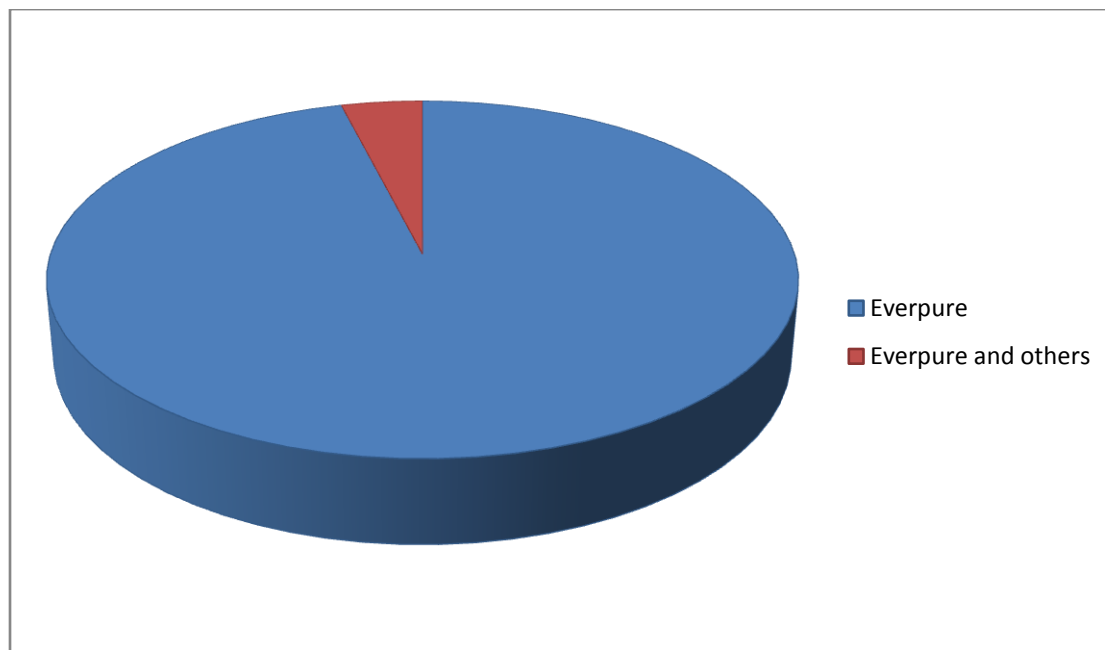
It is very obvious that female respondents dominated the sample size. The above graph represents the gender distribution of the respondents. The female occupied 64% while the male respondent occupied 36%.



**Table 2: Respondents who are customers**

	Frequency	Percent	Valid percent	Cumulative percent
Everpure	192	96.0	96.0	96.0
Everpure and others	8	4.0	4.0	100.0

**Figure 2: Respondents who are customers**

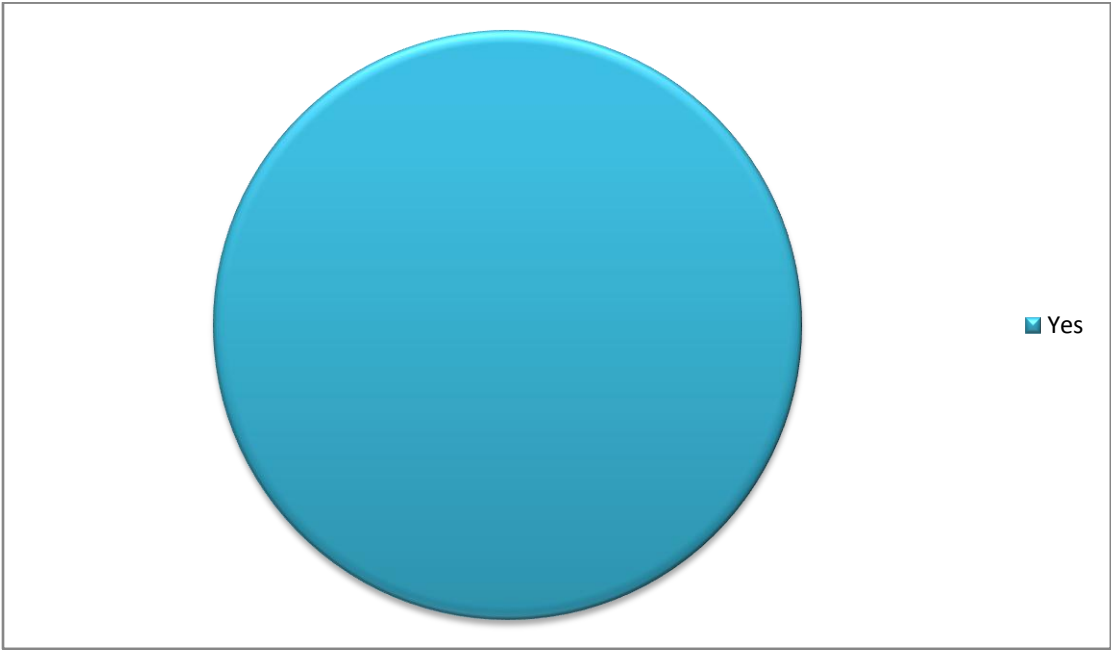


The above presentation indicates an overwhelming customer base for the everpure drinking water. A percentage of 96.0 of the respondent are strictly customers of everpure while a percentage of 4, though are customers of everpure but subscribes to other sachet brands.

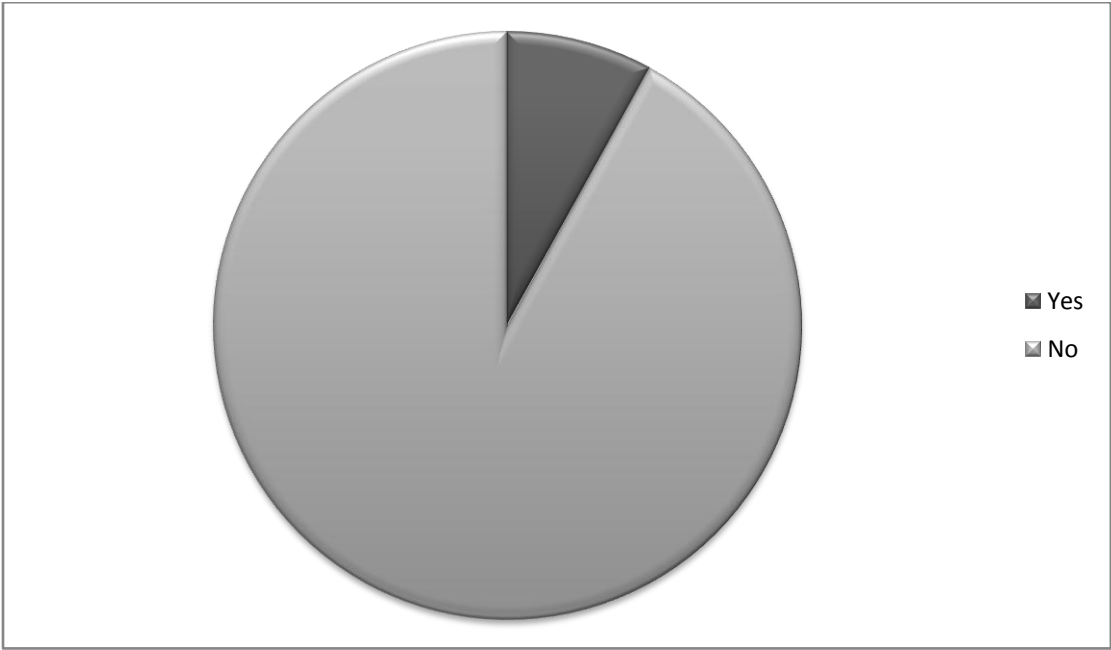
**Table 3: Respondents' awareness, responds, belief and reaction**

	Response	Frequency	Percent	Valid percent	Cumulative percentage
Awareness of rumor	Yes	200	100.0	100.0	100.0
	No	0	0.0	0.0	100.0
Total		200.0	100.0	100.0	
Believe in the rumor	Yes	16	8.0	8.0	8.0
	No	184	92.0	92.0	100.0
Total		200.0	100.0	100.0	
Whether respondent stopped consuming product	Yes	2	1.0	1.0	1.0
	No	198	99.0	99.0	100.0
Total		200.0	100.0	100.0	
Whether respondent believed the rumor was a mere propaganda	Yes	188	94.0	94.0	94.0
	No	12	6.0	6.0	100.00
Total		200.0	100.0	100.0	
Whether rumor has any impact	Yes	124	62.0	62.0	62.0
	No	76	38.0	38.0	100.0
Total		200.0	100.0	100.0	

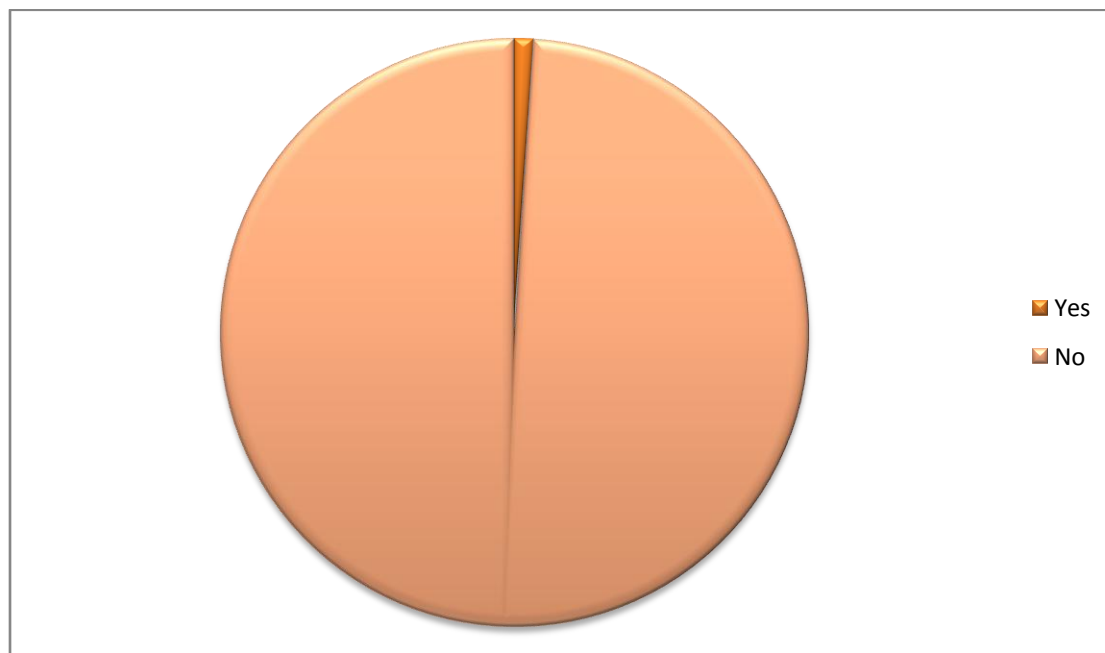
**Figure 3: Awareness of the rumor**



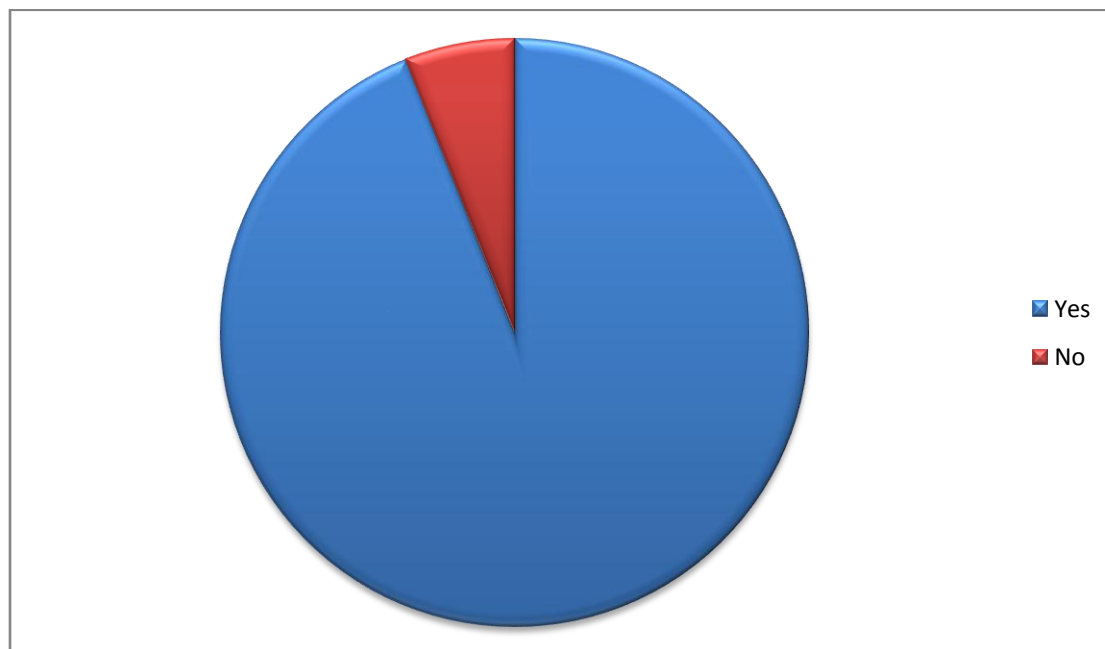
**Figure 4: Believe in the rumor**



**Figure 5: Whether respondent stop consuming**



**Figure 6: Whether respondent believed rumor was propaganda**



**Figure 7: Whether rumor has any impact**

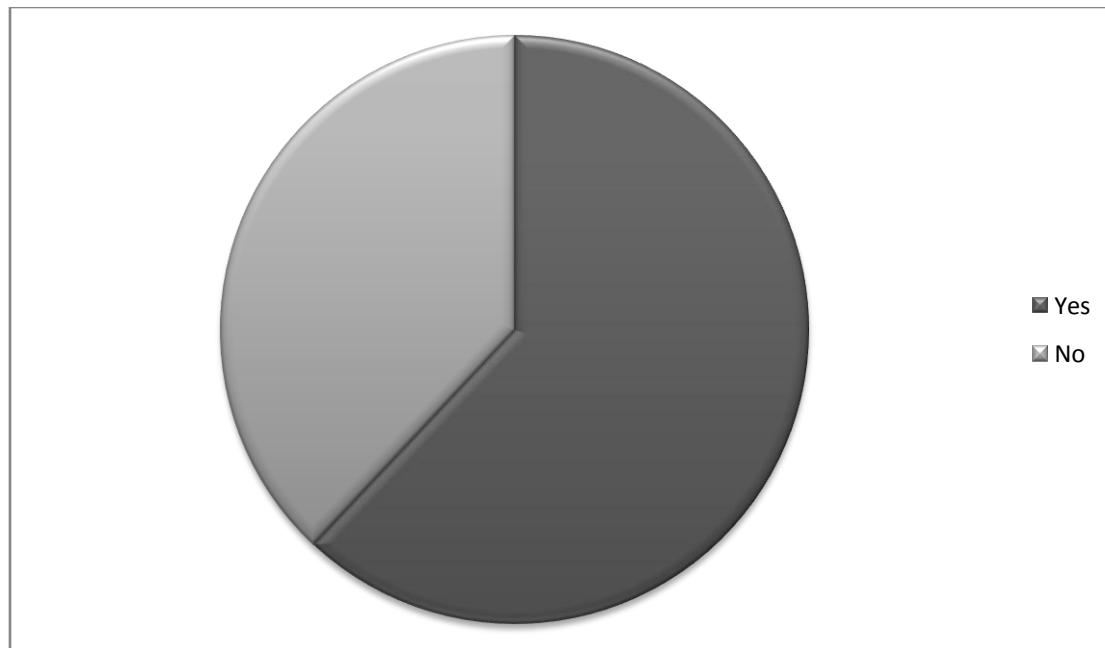


Table 4 indicates a summary of respondents view in the categories of the awareness of the rumor, belief in the rumor, whether respondent stopped patronizing the product, whether respondent believed the rumor as propaganda and whether in the respondent view, rumor has any impact on a product.

On the category of awareness of the rumor, respondents were to answer on whether they ever heard the rumor that there was a python lying at the base of the source of water for the production of everpure drinking water and 100% of the respondent affirmed ever hearing the rumor.

Moreover, on the aspect of whether respondents believed rumor split 92% against 8%. Only 8% of the respondent actually believed the rumor while a majority of 92% did not believe in the said rumor.

Again, there was an unequal split of 99% against 1% on the question about whether the respondent stopped consuming or patronizing the product upon hearing the rumor. 99% of the respond continue to patronize while just 1% stopped patronizing. This however, indicates that the 8% that believed and should have rationally withdrawn reduced by 7% percent to show a continuous affirmation.

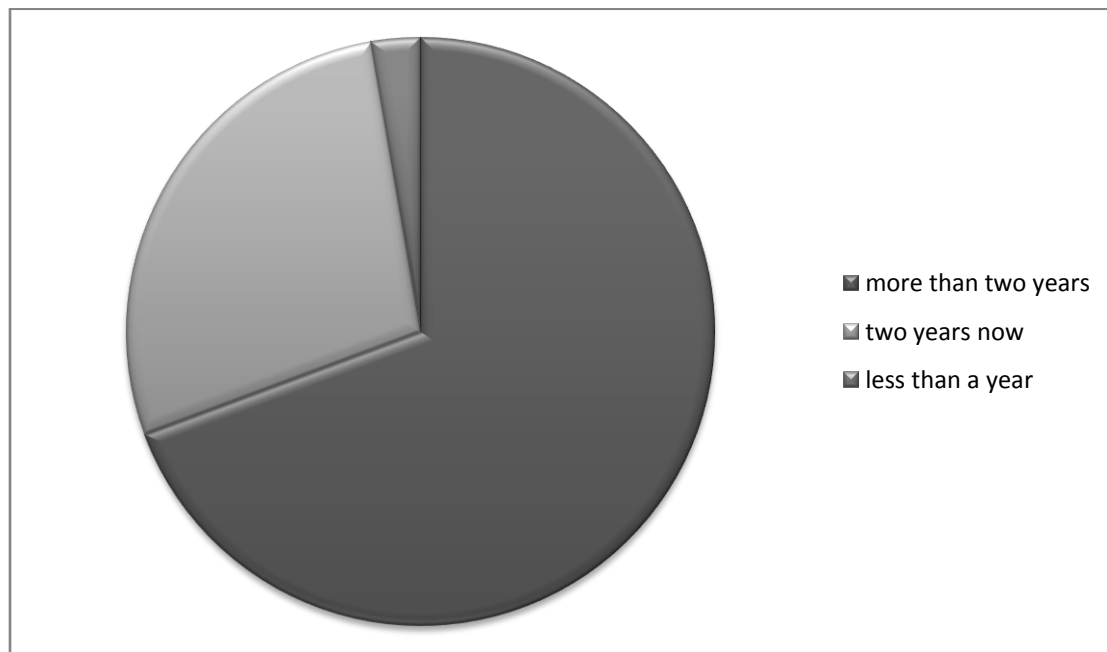
Respondents were further asked whether they believed in a counter rumor which states that the rumor against the company was a mere propaganda, meant to refute their hard earned reputation, and gain there was an unequal split of 94% against 6%. The 6% of the respond actually believed that there was work to the rumor than a mere propaganda while 94% overwhelmingly affirmed that the rumor was propaganda.

The category on whether rumor has any impact at all on a product, respondents was split between 62% against 37%. The yes affirmative of the respondent was 62%, indicating an affirmation that rumor has an impact on a given product, however, the 38%. Of the respondents were of the view that rumor has no effect on a product.

**Table 4: Respondents' loyalty, first contact and reasons for buying.**

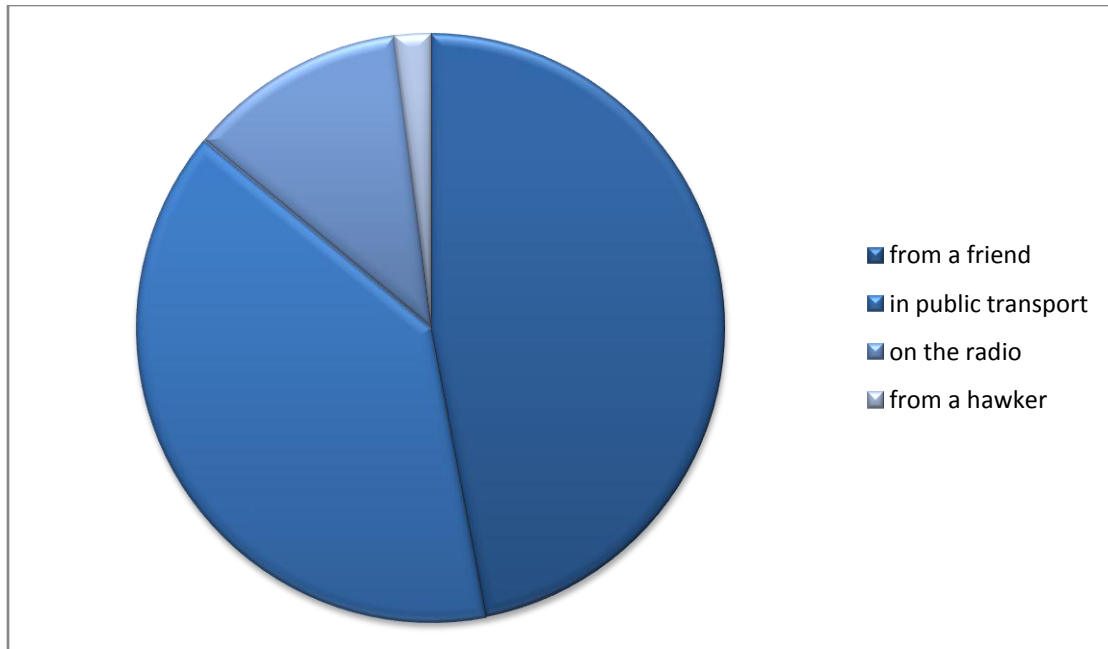
	Frequency	Percent	Valid percent	Cumulative percentage
How long respondent have been a customer				
More than two years	104	52.0	52.0	52.0
Two years now	42.0	46.0	46.0	98.0
Less than a year	4.0	2.0	2.0	100.0
Total	200.0	100.0	100	
How respondent first heard the rumor				
From friends	94.0	47.0	47.0	47.0
In public transport	78.0	39.0	39.0	86.0
On the radio	24.0	12.0	12.0	98.0
From a hawker	4.0	2.0	2.0	100.0
Total	200.0	100.0	100.0	
Respondent's reason for consuming the product				
Nice taste	114.0	57.0	57.0	57.0
Nice package	6.0	3.0	3.0	60.0
Many people like it	2.0	1.0	1.0	61.0
It is hygienic	78.0	39.0	39.0	100.0
Total	200.0	100.0	100.0	
Yes response on rumor impact				
Negative	23.0	19	19.0	19.0
Positive	26.0	21.0	21.0	40.0
Depends on management	61.0	49.2	49.2	89.0
Depends on facts	13.0	11	11.0	100.0
	124.0	100.0	100.0	

**Figure 8: How long respondents have been a customer**

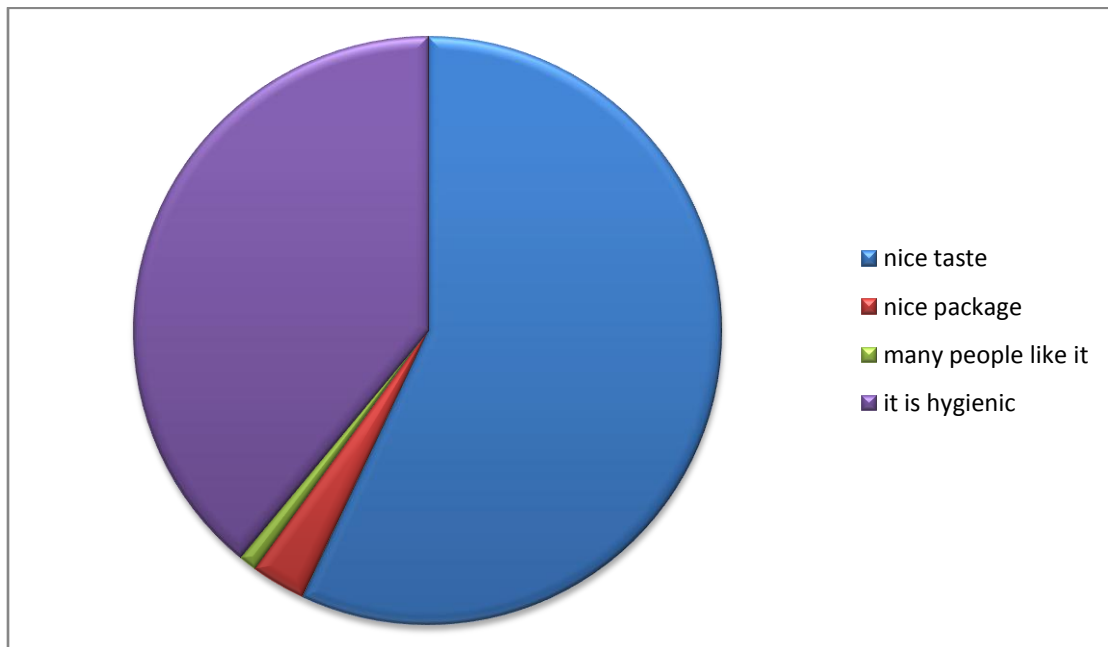


**Figure 9: How respondents' first heard the rumor**





**Figure 10: Respondents' reason for consuming the product**



**Figure 11: The “if yes” response**

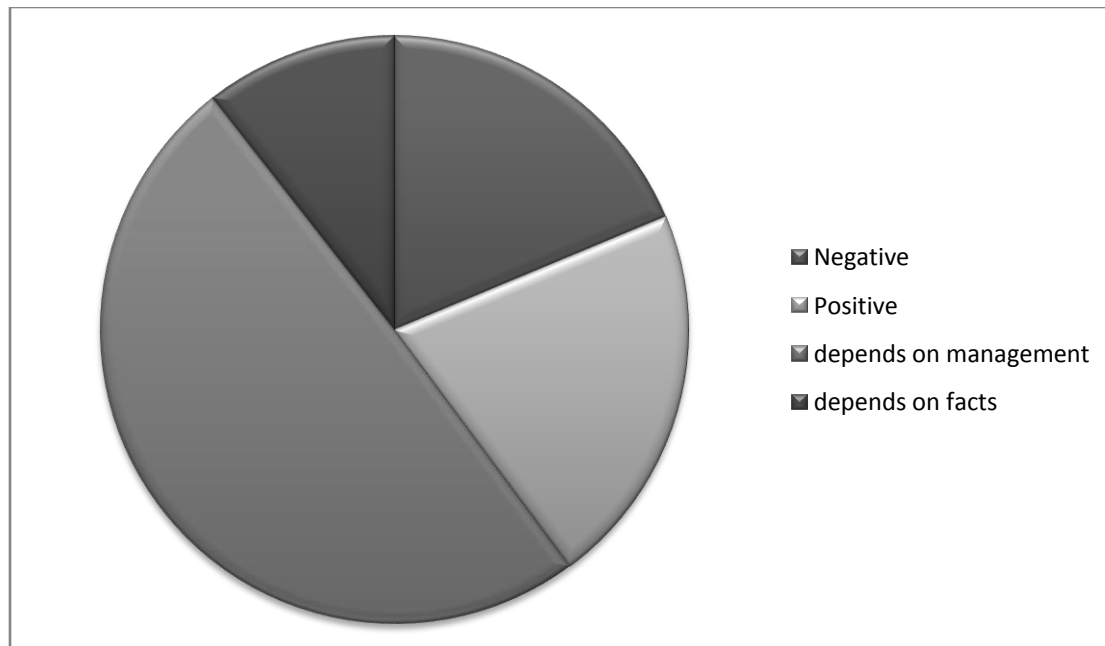


Table 5 with its corresponding diagrams on figure 8,9,10 and 11 shows respondents' views in the categories of how long respondents have been customers of the product in question, how respondent first heard the rumor on everpure water production, a particular reason why respondent likes consuming or patronizing the product and finally a follow-up analysis on the respondents who answered 'yes' on the question of whether rumor can have any impact on the response to a product.

There is a close margin between respondents who have been customers more than two years and those who are two years at the time of the questionnaire administration. There is a possibility that the rumor which happens two years ago might have created a lot of awareness on its existence to

the public: 52% have been customer more than two years, 46% have been customers for two years now and 4% have been customers less than a year.

Also, on the category of how respondent first heard the rumor, we identify that a lot of transmission of rumor go on among friends and in public transport against radio announcements and hawkers report. The results for this category is 47% for those who got the information from a friend, 39% for those who got the information in a public transport while 12% and 2% respectively go for those who heard it on radio and from a hawker.

Again, as to why respondents patronize the product, there was 57% for those whose think the product has a nice taste, 39% for those who think it is hygienic, 3 for those who patronage because of the packaging while 1% of the respondent patronize the product because many people have been patronizing it. The 'if yes' response further analyses a 62% of respondents who affirmed that rumor has impact on a product. A corresponding frequency of 124 was categorized in percentage of options that were given to respondents as to what kind of impact can rumor get on a product. Out of that, 19% were of the view that rumor has a negative impact, 21% affirmed that it has a positive impact, a massive of 49 percent believed that the kind of impact depends on how the rumor is managed, while 11% believed that the impact depends on the facts surrounding the rumor.

#### **4.4 Interview with Management of Everpure**

An interview with the general manager of the everpure company confirmed the publication by Daily Guide (website, 1st July). However, Mr. Dorko confirmed that they had to work hard to curb the rumor since there was no truth in it. He again confirmed that sales short up after their

intervention and at the time of the interview the product was dictating price in the sachet water producing market.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.0 Introduction**

The chapter sums up the study which purpose was to research into the influence rumor has on a consumer of a given product in the Kumasi Metropolis. A recent rumor of the everpure drinking was the case study for this research. However, conclusion and recommendation is given at the end of the summary.

## 5.1 Summary

There have always been the classical determinants of consumer behavior which has dominated most of the recent research works. The study was conducted to contribute to fill the gap in the field of consumer behavior research. The study meant to research into how consumer behavior can be influenced by rumor.

The study again was meant to examining how rumor of a product spread, how customers react to the hearing of a product on a rumor, rumors impact on consumption and patronage. The rumor of the everpure drinking water formed the basis of the study questionnaires were designed and was administered.

Moreover, both primary and secondary data were used in the study. A research design, population target, sample size of 200 and simple random sample and cluster sampling procedure, as well as made of data analysis was a vital part of this research work in the aspect of methodology.

Data analyzed showed that although the rumor was widely spread across Kumasi metropolis, its impact on customers were not very huge. The interview and data analyzed showed that the management of the product in question had actually put measures to curb and control the rumor for the company's benefit. This was evident in the counter rumor that the actual rumor was propaganda meant to refute the good reputation of the company.

Nevertheless, it was identified that rumors spread mostly among friends and in public transports. Again, majority of the respondents were of the view that rumor has a very huge effect on a

product, especially when it is a negative rumor, however most respondent on this category believed that the impact of the effect depends on management's efficiency in controlling the rumor for the benefit of the product and the company at large.

## **5.2 Conclusion**

In conclusion, the study has highlighted massively on how important it is for organizations to not only concentrate on the classical theories of the determinants of consumer behavior but see rumor as also a major determinant. The basis for this was identified in the theoretical framework, where it was realized that rumor generally has not fact that the purpose of its generation and spread depend on various factors, which some of them from the types of rumor.

It also indicated that effect of rumor and buying decision, which considered the identification factors under the effect of rumor on a product or organization. Nevertheless, Timm (2010) empirical analysis gave a fair view on the economic consequences, both short term and long term on the organization or a product in question. Finally, the importance of rumor was also support in the study that was conducted on the everpure drinking water.

## **5.3 Recommendations**

Customer, like any other rational human being is dynamic and unpredictable. This is why complacency is very dangerous for the management of the product in question. Management should update their rumor controlling skills if they still want to lead the market.

The study indicated a particular root of rumor transmission; the two basic ones were among friends and in public transport. The company would have to train their personnel who do the

personnel selling on communication skills and better ways of explaining issues of the company since lack of information breeds rumor.

There was no much effect with regards to the reaction of customers to the rumor, the effect on consumption and patronage as well as production and supply; however, there is an indication that management had to put in a lot. Nevertheless, management should identify other factors that kept most of their customers, like those who trust in the hygiene of the product, those who like the taste as well as those who cherish the packaging, so that such areas can also be intensified for competitive advantage.

Finally, the general communication system of the company should be improved. Web sites and some periodic advertisement should be encouraged and they should intensify their corporate social responsibilities to alert the society of their contribution, not undermining a further research into the area understudy.

## REFERENCE

- Allport, G. W and Postman, L (1947). *The psychology of rumor*, New York: Holt, Rinehart and Winston.
- Anthony, S. (1973). *Anxiety and Rumor. Journal of Social Psychology*, 89, 91-98.
- Awua J. Jnr. (2012). *Everpure Head of Court....over snake allegations*. Daily Guide, Accra. [www.dailyguideghana.com?p=47785](http://www.dailyguideghana.com?p=47785) retrieved July 1<sup>st</sup> 2013
- Berenson, A. (2000, September 5). *Need for speed increases risk of costly errors at news wires*. International Herald Tribune, p. 18. Marketplace rumors and consumer behavior September · December 2008 · Esic market
- Dodoo, D. K. Quagraine, E. K., Okai-San, F, Kambo Dorsa, J., Headly, J. V. (2006). *Quality of 'Sachet' water in the Cape Coast Municipality of Ghana*. Journal of Environment Science and Health – Part A Toxic/hazardous substances and environment 1 engineering 41 (3), 329-342
- Furukawa, R., Kato, H., and Yamada, M. (2002). *A conceptual model for adoption and diffusion process of a new product*. Review of Marketing Science Working Paper Series, 1, Working Paper 3
- Goldstein, M. and Carrel, L. (2000, August 25). *How a stock hoax happened*. Available: [www.smartmoney.com](http://www.smartmoney.com)
- Grice, H.P (1978), *"Further Notes on Logic and Conversation"*, in *syntax and semantics*, P. Cole and J.L. Morgan, Eds. New York: Academic press.
- Hofstede, G. (1983). *National cultures in four dimensions*: A research based theory of cultural differences among nations. *International Studies of Management and Organization*, 12, 46-74.



- Kamins, M. A., Folkes, V. S., and Perner, L. (1997). *Consumer responses to rumors: Good news, bad news*. Journal of Consumer Psychology, 6, 165-187.
- Kamins, M.A., Folkes V and Permer L. (1997) "*Consumer Responses to Rumors: Good news, Bad news*", Journal of consumer Psychology (6,165-187
- Kapferer, J.N. (1990). Rumors: Uses, interpretations, & images. New Brunswick, New Jersey: Transaction.
- Kimmel, A. J. and Audrain, A.-F. (2002). *Rumor control strategies within French consumer goods firms*. Paper presented at the 110th American Psychological Association conference, Chicago.
- Kimmel, A. J. and Keefer, R. (1991). *Psychological correlates of the transmission and acceptance of rumors about AIDS*. Journal of Applied Social Psychology, 21, 1608-1628.
- Kimmel, A. J. (2004a). *Rumors and rumor control: A manager's guide to understanding and combating rumors*. Mahwah, New Jersey: Lawrence Erlbaum Associates.
- Kimmel, A. J. (2004b). *Rumors and the financial marketplace*. The Journal of Behavioral Finance, 5, 232-239.
- Kimmel, A.J. and Keefer, R. (1991). *Psychological correlates of the transmission and acceptance of rumors about AIDS*. Journal of Applied Social Psychology (21, 1608-1628).
- Knapp, R. H. (1944). *A psychology of rumor*. Public Opinion Quarterly, 8, 22-27.
- Koenig, F. (1985). *Rumor in the marketplace: The social psychology of commercial hearsay*. Dover, MA: Auburn House.
- Kotler, P. (1988). *Marketing Management, (6th Ed.)*. Englewood Cliffs, New Jersey

- Naughton, T. J. (1996). *Relationship of personal and situational factors to managers' expectations of organizational change*. Psychological Reports, 78, 313-314.
- Rosen, E. (2000). *The anatomy of buzz: How to create word of mouth marketing*. New York: Doubleday/Currency.
- Rosnow, R.L. (1991). *Inside rumor: A personal journey*. American Psychologist, 46, 484-496.
- Rosnow, R.L. (2001). *Rumor and gossip in interpersonal interaction and beyond: A social exchange perspective*. In R.M. Kowalski, Behaving badly: Aversive behavior in interpersonal relationships. Washington, DC: American Psychological Association.

## APPENDIX

### UNIVERSITY OF EDUCATION, WINNEBA – KUMASI CAMPUS

#### DEPARTMENT OF MANAGEMENT STUDENT

I am a student of the above mentioned institution undertaken a study on the topic:

**“The impact of rumor on consumer behavior, Everpure drinking water as a case study in the Kumasi metropolis”.** The questions asked in this questionnaire are to facilitate formulations of hypothesis and to ascertain propositions. Nevertheless, responses to that would be given to questions will be treated with the maximum confidentiality.

#### BRO DATA

Gender

Male ☐

Female ☐

1. Which of the sachet drinking water are you a customer of
  - a. Everpure
  - b. Other and Everpure
2. For how long have your been a customer
  - a. More than two years
  - b. Two years as at now
  - c. Less than one year
3. Did you hear the rumor of a python lying at the base of the source of water for the production of everpure drinking water?
  - a. Yes
  - b. No
4. How did you hear the rumor?
  - a. In a car (Public Transport)
  - b. On the radio
  - c. From a hawker of a sachet water

5. Did you believe the rumor?
  - a. Yes
  - b. No
6. Did you stop consuming upon hearing the rumor?
  - a. Yes
  - b. No
7. Is there any particular reason why you like consuming everpure?
  - a. It taste nice
  - b. It has a nice package
  - c. Many people like it
  - d. I know it is hygienic
8. Many people think that the rumor against the everpure company was just propaganda to refute their good corporate reputation. Do you share this view?
  - a. Yes
  - b. No
9. Do you share the view that rumor can have impact on consumers response to a product?
  - a. Yes
  - b. No
10. If yes, is the impact negative or positive
  - a. Negative
  - b. Positive
  - c. It depends on how the rumor is managed
  - d. It depends on the facts surrounding the rumor.

